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DEPARTMENT OF PARKS  
AND COMMUNITY SERVICES

CITY OF SACRAMENTO  
CALIFORNIA

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December 4, 1987

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RECREATION  
ZOO

Transportation and Community Development Committee  
Sacramento, California

Honorable Members in Session

SUBJECT: Library Plaza Child Care Center

SUMMARY:

This report provides information regarding the planning and financing of a child care facility in the Library Plaza project and recommends that the City Child Care Coordinator, the City and SHRA staffs, and the Library Plaza Group be directed to work together to implement location of a child care center within the Library Plaza. Further, this report recommends several proactive directions to insure the consideration of child care needs in future developments, including establishment of a Child Care Revolving Fund, researching of feasibility of implementing a local impact fee and compliance with any future child care ordinance by SHRA and City public developments.

BACKGROUND INFORMATION

The Sacramento Housing and Redevelopment Commission and the City Council asked the City and SHRA staffs to work with the Library Plaza Group and the community to study the feasibility of including a child care center in the Library Plaza Project. Ten potential sites were analyzed in regard to architectural and financial feasibility. If we accept the limits of existing buildings, a lease rate of \$1.55/square foot, and little outside play space, then none of the sites are feasible; however, if we seek to mitigate these limits, then a child care center in the Library Plaza Office Building becomes possible.

Because it will be the employees of the office building who will mainly impact existing Downtown child care facilities, and because it will mainly be the

developer who will receive the benefit of the Child Care Center as an amenity to the Project, the costs of the Child Care Center should mainly be borne by the developer, and not the City.

The motivation to establish a Child Care Center in the Library Plaza Office Building is twofold. First, as mentioned above, the child care center in the Library Plaza Office Building would be helpful to meet the child care needs which the office building would be creating (as the office building also creates additional need for parking). Secondly, this site has the possibility to become a national model for child care centers in downtown areas: it would be above the ground floor with a play area on a roof, a project which is a public/private partnership, and which has a program coordinated with the Children's Section of the Main City Library. The City, the developer, the child care provider, and the associated businesses would be able to profit from the innovation and quality of this center.

#### Sacramento History:

The City of Sacramento has had a history of the community, developers, and government working together to implement child care for our working families. Especially some of the Council's past actions can be directly applied to the establishing of a child care center in the Library Plaza Project.

1. In February, 1985, the City Council adopted the "Resolution in Support of the Child Care Coalition." Part of this Resolution stated the following:

"NOW, THEREFORE, BE IT RESOLVED by the Mayor and members of the Council of the City of Sacramento, that they will encourage the provision of adequate space for child care in all new developments as well as to make certain that child care needs are addressed in already existing facilities."

2. In April, 1985, the City Council adopted the "Resolution Authorizing a Master Plan for Child Care." It stated,

"NOW, THEREFORE, BE IT RESOLVED by the Mayor and members of the Council of the City of Sacramento, that there be a Task Force formed to evaluate child care on a city-wide basis and henceforth be called the Mayor's Task Force on Child Care": and,

"BE IT FURTHER RESOLVED that the Task Force is charged with developing specific recommendations to increase the availability, accessibility and affordability of quality child care in the private sector, the public sector and the schools, particularly through an analysis of financing mechanisms and modifications in land use planning..."

3. This Task Force was established and the "Recommendations from the Mayor's Task Force on Child Care" was published in October, 1985. Its first recommendation stated:

"It is recommended that child care services be available to all Sacramento families who need them, and that the City of Sacramento assist in this effort by identifying and coordinating existing resources and by cooperating in public-private partnerships to increase the availability, accessibility, and affordability of quality child care in the City of Sacramento."

4. In October, 1986, Council adopted the following "Resolution Approving Conceptual Building Programs for Central Library and Child Care Facility Component":

"The Building Program for Central Library, prepared by the Library, and the Child Care Component of the Building Program, prepared by Sacramento Housing and Redevelopment, (October 1986) serve as conceptual documents for a definitive program and financing plan for the development of the block bounded by 8th and 9th and I and J Streets."

5. In February, 1987, Council approved the Central Business Districts Urban Design Plan, including a Children and Youth Facilities Section. It states:

"In regard to younger children, recommend projects include: ...  
3. child care facilities in the Central Library Expansion..."

However, in spite of this history, a child care center was not included in the final drawings and financing of the Library Plaza Project. Therefore, in July, 1987, the SHRA Commission and the City Council adopted the following:

"The City Manager and the City Child Care Coordinator are to work with the Agency staff, the developer, and the child care industry to reevaluate the feasibility of including a child care facility in the Library Project. If it is not possible to locate a child care facility in the project, the City Manager, in conjunction with the Child Care Coordinator, is to identify a possible location and possible financing for a child care facility in the Downtown area... It is not the intention of this motion to delay the processing or construction of the Library Project."

We have studied and written policies, and now we must implement them.

#### National Trends:

We in Sacramento are not the only ones who have recognized the need for child care. The Urban Land Institute stated in their Development Trends 1986, "Projects without child care amenities will become less competitive." The Kiplinger Washington Letter of August 21, 1987, describes their "Child-Care Special" newsletter which includes information on "tax angles...insurance, staffing and other costs...and benefits for companies...less absenteeism and easier recruitment..."

Callahan-Penz (developers of Hacienda Business Park in Pleasanton), Chevron Land and Development (developers of Hilltop Office Park in Richmond), and Ernest W. Hahn, Inc. (developers of University Town Center in San Diego and Palm Desert Town Center in Palm Desert) are leading California developers who have included model child care centers in their projects.

The above activities have been stimulated by major demographics and economic trends. As was reported in the July 17, 1987, issue of Psychiatric News, "by 1995, 80 percent of all women of child-bearing age will be in the workforce" and that "two-thirds of all women working outside the home today are either the sole providers for their children or have husbands who earn less than \$15,000 a year." We need child care centers because of our changing demographics and because of our desire for economic stability and growth.

Large office buildings have many employees, and therefore, not only impact our existing parking facilities, but also impact our existing child care facilities. To support our economic development and to maintain our quality of life, we need to place child care facilities in the office buildings where they are needed.

#### OVERVIEW

The solutions in this report were created by the input of many people: City government staff, the developers, child care providers, the community at large, the Library Task Force members, employee groups, SHRA Commissioners, and City Council Members. Special thanks goes to Tim Sullivan of the Building Inspection Division, Bill McNairnie of the Fire Department, and Keith Kramer of the Finance Department. The main goal was to find a way to establish a child care center in the Library Plaza Project which was agreeable to the developers, the City/SHRA, and the public.

In writing this report, a child care center for 100 children was used as a model (the total of 12,500 square feet is needed--5,000 square feet for indoor classrooms and 7,500 square feet for outdoor play area). Ten sites within the Library Plaza Project were analyzed as to their architectural and financial feasibility: four sites in the office building, three sites in the garage, and three sites in the library. (See Attachments A and B)

In terms of architecture, the goal was to require as little change as possible to the present plans. In terms of financing, it was assumed that the tenant improvement costs would be paid before occupancy, perhaps being included in the existing financing; it was also assumed that the lease costs would be paid each month, with current unmet costs being met by several sources (see Attachments C and D). Attachment E compares the tenant improvement and monthly lease costs of selected Sacramento child care centers. Attachment F gives additional information in regard to meeting the requirement for outdoor play space, parking and drop-off facilities, children above the first floor, and dedicated stairwells. Attachment G gives additional information in regard to Federal and State incentives for a developer to include a child care facility if the

developer wishes to lease to these employers. Finally, Attachment H is a letter from the California Department of General Services concerning their desires for child care centers for state employees, and Attachment I is a copy of one page from the "Child Care in Federal Buildings" Report.

Alternative Sites:

Attachment A summarizes the characteristics of the three best choices. The Office/Fifth Floor site is architecturally the best place, as well as the most adequate for children. It is a self-contained unit of adequate square footage which includes outdoor play space and requires few structural additions (widening of one stairway); in addition, both the public and private sectors would be contributing to its success. The Garage/J Street retail space is the most economical in terms of tenant improvement costs (\$146,000) and the Old Library/First Floor site is the most economical in terms of lease costs (provider can cover all costs).

However, it should be noted that all three preferred sites also have significant concerns. The Office/Fifth Floor site has a high lease cost (\$16,275/month). The Garage/J Street site requires that children cross the street to to play in a partly-fenced Plaza Park, and has limited available square footage (will accommodate only 57 children). The Old Library/First Floor site also requires the play area to be in Plaza Park and would displace library activities if the Library meeting rooms were to be used for the child care center. The Library space in the Project is already below levels called for in the October, 1986. Central Library Building Program.

Attachment B summarizes the same information for the other eight sites. Although all sites need and can receive waivers and variances, all sites do have some significant concerns. It should be noted, however, that sites which have classrooms on the ground floor and which do not require additional costs for outside play areas, can be more economically built; if planned for in the beginning, child care centers can adequately cover most of their costs.

Unfortunately, a Child Care Center in the Library Plaza Project was not planned from the beginning and unusually high monthly costs must be met. The following discussion, and Attachments C and D, show how this might be done.

Components of Financing Tenant Improvements:

The following items can be combined, at various amounts, to meet the tenant improvement costs (see Attachment C).

1. A Child Care Center could be used to help secure lease agreements, especially from State and Federal Government Agencies:
  - a. Peter McCuen, speaking for the Library Plaza Group (LPG), said that if a significant prospective tenant (requesting over 100,000 square feet) requires a child care center as a condition of the lease, then the developer would put in a child care center to secure their lease.

- b. There are State and Federal policies encouraging child care facilities for their employees, and money available from them to establish those facilities. Briefly, the State Department of Personnel administers a \$1M fund to help employee groups establish child care facilities for themselves; the fund will help pay for tenant improvements in exchange for priority for their employees to use the child care center, about \$1,000/per priority space. (See Attachments G, H, and I.)
- c. LPG has designed their Library Plaza Office Building to be attractive to government agencies (large floor plates to accommodate large divisions) and to be less attractive to private firms (usually want offices with windows, or small floor plates).

In summary, Sacramento needs to have buildings which will accommodate the work force of the 1990's, not the 1950's; therefore, our buildings need to provide child care facilities for the employees, including State and Federal Government employees. Furthermore, what we do in Sacramento to help employees meet their child care needs, can be used as a model for State and Federal agencies to follow for their employees in other cities.

2. If leases are secured from private businesses, that business can also help finance the tenant improvements in exchange for priority of a certain number of spaces for their employees. This amount could be a tax deduction (employee business expense) for the company.
3. In terms of employees outside of the Library Plaza Office Building who need child care, past surveys of city, county, and private employees in our Downtown, indicated that they all would use a child care center in the Downtown area. Any of these employee groups could help to finance the tenant improvements.
4. As the City's contribution to the project, the City could pay the tenant improvement and equipment costs of the outside play area on the roof of the Library stacks.
5. The developer could help pay for the tenant improvements. The Child Care Center would be both a stable, and stabilizing tenant. Not only will the Child Care Center be occupying some of their initially vacant space, but it will also offer an attractive amenity to attract others to lease available space.

#### Components of Financing the Monthly Lease Rate:

The following items can be combined, at various amounts, to meet the monthly lease rate (see Attachment D).

1. The building owner can help pay the lease/operating cost because it is an amenity for the project. Hacienda Business Park in Pleasanton and

Hilltop Office Park in Richmond are two examples of this approach.  
(See Attachment A.)

2. The City could not charge a lease rate for the play area on the roof.
3. An employer could help pay the cost as an employee benefit. If space is leased to a Federal Agency, the Federal Government can help pay the lease costs, as well as some operating expenses. Private business could also help subsidize the lease/operating expenses, and take a tax deduction as a charitable contribution (to a nonprofit) or as an employee business expense. (See Attachment G.)
4. The child care provider might also pay a higher lease rate, especially if it were a national firm, because of the marketing potential this particular site would give. Because most cities are realizing that they must find ways of including child care centers in high-rise buildings, this child care center will be a national model (see CONCLUSION). It will be a prime site for a child care provider, who may be willing to pay a higher lease rate (and take a reduced amount of profit on this particular site).
5. Because of its prime location, parents may be willing to pay a higher fee (see Attachment A). Although it is City policy to encourage affordable Child Care, some sites are more expensive than others, and some people are able to pay more than others; furthermore, it is also City policy to increase the availability of Child Care. In addition, through the City's recently negotiated Dependent Care Benefit for City employees, some of our employees will be able to pay higher rates without the increase coming out of their monthly cash flow. In a similar way, Sacramento County is also implementing a Dependent Care Benefit through Income Reduction (IRS Code 129). As public and private employers implement these employee benefits (which have few or no costs to the employer), employees will be able to pay higher rates for care for their children.
6. Because most of the unmet costs are caused by the large amount of "outside" play space which must be leased on the inside of the building, if the child care center were built for fewer children, then the required amount of outside play space would be reduced, thus reducing the amount of unmet costs.
7. Cost might also be lowered by seeking a waiver from California Community Care Licensing for the square footage required for the "outside" play space. Because the main expense of the Office/Fifth Floor site is the large amount of play space which is on leasable space, and because all children do not have to be outside at the same time, a waiver for reduced square footage might be obtained if the Provider could show that all children would have adequate play time. As the plans become more finalized, this waiver can be sought.

In summary, this OVERVIEW section documents that there are many components which might be put together to finance the tenant improvements (see Attachment C) and the lease rate (see Attachment D) so that a Child Care Center could be established in the Library Plaza Project.

OPTIONS:

The following options have been suggested, and are expanded below in the RECOMMENDATIONS section:

1. Redesign the Project so that a Child Care Center for 100 children can be economically included.
2. Establish a Child Care Center in the currently planned Library Plaza Project, implementing one of the options studied in this report.
3. Require the developer to donate \$150,000 to a Child Care Revolving Fund and make fifth floor structural modifications to retain a child care center option for the future.
4. Develop an affirmative action plan to implement a child care facility in an alternative site using the \$150,000 LPG contribution.
5. Recommend that the City establish a Child Care Revolving Fund.
6. Recommend that the City Council mandate that all future office buildings of more than 75,000 square feet include a Child Care Center.
7. Recommend that City Council mandate that all future office buildings of less than 75,000 square feet pay an in lieu fee per square foot of space to a Child Care Revolving Fund.

CONCLUSION:

A child care center in the Library Plaza Project is feasible if certain conditions are met, as described in this report.

As we are aware, the majority of our Sacramento parents are in the paid work force. Therefore, having quality child care available to those working parents is a way of both supporting our economic development and also a way of maintaining our quality of life. It is an amenity enhancing the marketability of the Library Plaza Office Building as well as a public statement that Sacramento supports business and its employees.

It becomes especially exciting when we have the opportunity to establish a child care center in a key Downtown project--and to establish it in a way that will make it a national model. The child care center can be above the first floor with the play area on the roof, a project which is a public/private



partnership, and which has a program coordinated with the Children's Section of the Main City Library. The City, the developer, the child care provider, and the associated businesses will all be able to profit from the innovation and quality of the Center. It will be another indication that Sacramento is becoming a leading city of the future.

Finally, based on the experience of the Library Plaza Project, recommendations are also included to more smoothly assist future implementation of child care facilities in Sacramento.

RECOMMENDATIONS:

The following options are recommended by those who contributed to this study:

1. Request that the Child Care Coordinator, together with the staffs of the City and the Sacramento Housing and Redevelopment Agency, work with the Library Plaza Group to refine the proposed financial components to establish a Child Care Center in the Library Plaza Project.
2. As per previous agreement signed by the Library Plaza Group (LPG), require LPG to contribute \$150,000 to the Child Care Revolving Fund upon obtaining final building permits for the Office Building property.
3. As per developer's verbal statement (see Page 5, Item 1.a.), require that the LPG, upon request of a major tenant, establish a child care center facility and negotiate a reasonable lease.
4. Request that the Child Care Coordinator work with City staff to establish an interest-bearing Child Care Revolving Fund, which could receive and distribute private and public moneys for the increased availability, accessibility, and affordability of quality child care in the City of Sacramento.
5. As per City Council's previous direction regarding the drafting of a Child Care Ordinance, request that the Parks and Community Services Department work with the Planning and Community Development Department to research the feasibility of implementing a local (City in cooperation with the County) impact fee for child care, similar to the impact fees for parks (Quimby Act).
6. As per the Child Care Recommendations recently adopted by the City Council, require that all future SHRA and public City projects of 75,000 square feet or greater for office development and exceeding 100 units for multi-family residential projects, describe the need and demand for child care services as generated by the proposed project, and indicate any proposed plans for providing such services in conjunction with the subject project. In addition, require that any SHRA redevelopment projects or City public projects comply with any future Child Care Ordinance as may be adopted by the City Council. Finally, require that specifications for a child care facility be

Library Plaza Child Care  
Center

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December 4, 1987

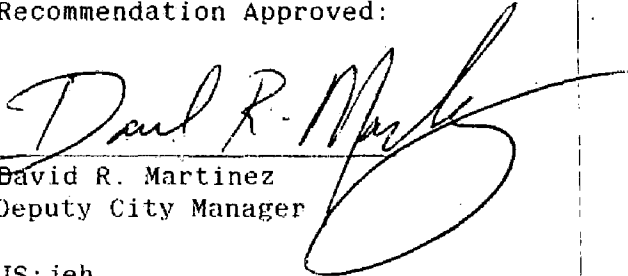
included in all RFPs/RFOs for future redevelopment catalyst sites, and require SHRA staff to include on-site child care centers in all future catalyst site negotiations.

Respectfully submitted,



Robert Thomas  
Director of Parks and Community Services

Recommendation Approved:



David R. Martinez  
Deputy City Manager

JS:jeh

December 15, 1987  
District 1

## **RESOLUTION No.**

**Adopted by The Sacramento City Council on date of**

### **A RESOLUTION AUTHORIZING THE VARIOUS RECOMMENDATIONS OF THE LIBRARY PLAZA CHILD CARE CENTER REPORT**

**BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:**

1. That the Child Care Coordinator, together with the staffs of the City and the Sacramento Housing and Redevelopment Agency are hereby directed to work with the Library Plaza Group to refine the proposed financial components of the Library Plaza Child Care Center Report to establish a child care center in the Library Plaza Project.
2. That the Library Plaza Group be hereby required to contribute \$150,000 to the Child Care Revolving Fund upon obtaining the final building permits for the Office Building property.
3. That the Library Plaza Group, upon request of a major tenant, is hereby required to establish a child care center facility and negotiate a reasonable lease.
4. That the Child Care Coordinator is hereby directed to work with the City staff to establish a Child Care Revolving Fund, which could receive and distribute private and public moneys for the increased availability, accessibility, and affordability of quality child care in the City of Sacramento.
5. That the Parks and Community Services Department is hereby directed to research the feasibility of implementing a local (City in cooperation with the County) impact fee for child care, similar to the impact fees for parks (Quimby Act).
6. That all future SHRA and City public projects of 75,000 square feet or greater for office development and exceeding 100 units for multi-family residential projects, are hereby required to describe the need and demand for child care services as generated by the proposed project, and indicate any proposed plans for providing such services in conjunction with the subject project. In addition, it is hereby required that any SHRA redevelopment projects or City public projects comply with any future Child Care Ordinance as may be adopted by the City Council. Finally, it is hereby required that specifications for a child care facility be included in all RFPs/RFQs for future

redevelopment catalyst sites, and required that SHRA staff include on-site child care centers in all future catalyst site negotiations.

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MAYOR

ATTEST:

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CITY CLERK

## LIBRARY PLAZA PROJECT CHILD CARE CENTER

## PRINCIPAL ALTERNATIVES

Alternative No.	1	2	3
<b>Siting:</b>			
Building	Office	Garage	Library (old)
Class Room Location	5th Floor	J Street	1st Floor
Play Space Location	Inside & Roof Area	Plaza Park	Plaza Park
<b>Available Square Footage:</b>			
Inside of Library Plaza	10,500	3,000	5,000
Outside (on the Library Plaza roof)	2,000		
Plaza Park		4,275	4,275
<b>Total Square Footage</b>	<b>12,500</b>	<b>7,275</b>	<b>9,275</b>
<b>Financial Review:</b>			
Improvement Costs	422,500	146,000	230,000
Anticipated Monthly Lease*	16,275	3,720	4,519
Provider Market Limit	5,500	3,300	5,500
<b>Unmet Cost/(profit)</b>	<b>10,775</b>	<b>420</b>	<b>(981)</b>
<b>To Meet Unmet Costs, Combine the following:</b>			
Parent or employer pay added cost per child	108	7	N/A
Developer pay reduction in lease rate	1.03	0.14	N/A
Provider pay increased lease rate			
Establish center for fewer children			
<b>Waivers/Variations Required:</b>			
CA Community Care Licensing	Yes	Yes	Yes
City Building/Planning/Fire	Yes	Yes	Yes
<b>Other Significant Concerns:</b>			
	-Excessive lease costs	-Play area in Plaza Park	-Play area in Plaza Park
		-Must cross street for play area	-Must cross street for play area
		-Space unavailable for only 57 children	-Displaces City-wide Children's Program
<b>*office lease only; City roof/park lease not included.</b>	<b>1.55</b>	<b>1.24</b>	<b>0.90</b>

LIBRARY PLAZA PROJECT CHILD CARE CENTER

OTHER ALTERNATIVES REVIEWED

Alternative No.	4	5	6	7	8	9	10
<b>Siting:</b>							
Building	Office	Office	Office	Garage	Garage	Library (new)	Library (ol
Class Room Location	1st Floor	2nd Floor	9th Floor	J Street	Roof	Roof	1st Floor
Play Space Location	Inside & Plaza Park	Inside	Inside & Roof Area	Roof Area	Roof Area	Roof Area	Roof Area
<b>Available Square Footage:</b>							
Inside of Library Plaza	9,500	12,500	11,150	3,000	5,000	3,000	5,000
Outside (w/in Library Plaza)			1,350	4,275	7,500	4,000	6,200
Plaza Park	3,000						
<b>Total Square Footage</b>	<b>12,500</b>	<b>12,500</b>	<b>12,500</b>	<b>7,275</b>	<b>12,500</b>	<b>7,000</b>	<b>11,200</b>
<b>Financial Review:</b>							
Improvement Costs	324,500	446,500	490,150	637,500	1,251,500	963,500	655,000
Anticipated Monthly Lease*	14,725	19,395	17,283	12,697	18,418	13,076	11,550
Provider Market Limit	5,500	5,500	5,500	3,300	5,500	3,300	5,500
<b>Unmet Cost.</b>	<b>9,225</b>	<b>13,895</b>	<b>11,783</b>	<b>9,397</b>	<b>12,918</b>	<b>9,776</b>	<b>790</b>
<b>To meet unmet cost, combine the following:</b>							
Parent or employer pay added cost per child	92	139	118	165	129	172	60
Developer pay reduction in lease rate	0.97	1.11	0.94	1.29	1.03	1.40	0.50
Provider pay increased lease rate							
Establish center for fewer children							
<b>Waivers/Variances Required:</b>							
CA Community Care Licensing	Yes	Yes	Yes	Yes	Yes	Yes	Yes
City Building/Planning/Fire	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Other Significant Concerns:</b>							
	-Play area in Plaza Park	-Exposure to carbon monoxide	-Location too high in bldg	-Excessive cost to modify	-Excessive cost to modify	-Excessive cost to modify	-Displaces City-wide Children's Program
	-Exposure to carbon monoxide			-Space available for only 57 children		-Space available for only 57 children	-Excessive cost to modify
	-Must cross street for play area						
<b>office lease only; City roof/park lease not included</b>	<b>1.55</b>	<b>1.55</b>	<b>1.55</b>	<b>1.75</b>	<b>1.47</b>	<b>1.87</b>	<b>1.00</b>

POSSIBLE FINANCING SCENARIO:  
Tenant Improvement Costs

A Child Care Center on the Fifth Floor of the Library Plaza Office Building

The following is a summary of the financial resources described in the Overview and Attachments A through G which might be combined to finance the tenant improvements costs for a child care center on the fifth floor of the Library Plaza Office Building (\$422,500) + roof:

<u>Components</u>	<u>Alternative #1</u> <u>Developer/</u> <u>City Pays</u>	<u>Alternative #2</u> <u>Developer/</u> <u>City/Others</u>
1. The structural improvements for a child center are included in the construction of the Office Building.	\$ 47,000	\$ 47,000
2. A prospective tenant requests a child care center for their employees as a condition of a signed lease agreement, and/or the Library Plaza Group includes a child care center in the Office Building, using the \$150,000 from the Child Care Revolving fund. <sup>a</sup>	345,500	200,000
3. The City pays for the tenant improvements for the outside play area on the roof of the Library stacks.	30,000	30,000
4. Equipment bought at cost (estimate).		5,500
5. State and Federal lessees pay for part of the tenant improvements from their existing funds for this purpose.		80,000
6. Private Lessees pay for some of the tenant improvements, taking a tax deduction for the amount (business expense--employee benefit).		10,000
7. Union and other employee groups pay for some of the tenant improvements, in exchange for priority for a certain number of spaces.		10,000
8. Provider pay for some tenant improvements.		40,000
<b>TOTAL PAYMENT FOR TENANT IMPROVEMENTS</b>	<u>\$422,500</u>	<u>\$422,500</u>

a. The developers of the child care centers at Hacienda Business Park, Hilltop Business Park, and the new Arco Arena paid/will pay most of the child care center costs, some of which were much higher than those at this project (Hacienda Business Park = \$2.5M). These developers planned for the child care center in the beginning and are philosophically and financially committed to it.

POSSIBLE FINANCING SCENARIO:  
Monthly Lease Costs

A Child Care Center on the Fifth Floor of the Library Plaza Office Building

The following is a summary of the financial resources described in the Overview and Attachments A through G which might be combined to finance the monthly lease costs for a child care center on the fifth floor of the Library Plaza Office Building (\$16,775):

<u>Components</u>	<u>Alternative #1 Developer/ City Pays</u>	<u>Alternative #2 Developer/ City/Others</u>
<u>Currently Projected Monthly Lease Costs:</u> (12,500 Square Feet)	\$ 16,275	\$ 16,275
<u>Reduce Projected Costs:</u>		
1. City not charge lease rate for roof play area (2,000 square feet).	N/A	N/A
2. Waiver from California Community Care Licensing for reduced amount of "outside" play space (1500/sq.ft. x \$1.55/sq.ft.)	(2,325)	(2,325)
3. Developer subsidizes lease \$.30/sq.ft. (9,000 square feet - project amenity).		<u>(2,700)</u>
4. Developer subsidizes lease \$.25/sq.ft. (9,000 square feet - project amenity).	<u>(2,250)</u>	
<u>Amended Project Costs:</u>	\$11,700	\$11,250
<u>Proposed Payments:</u>		
1. Federal agency (lessee) subsidize lease or private employers pay monthly subsidy (business expense--employee benefit)	1,200	750
2. Currently projected child care provider payment (\$1.10 for 5,500 sq. ft.--average fee = \$260/mo)	5,500	5,500
3. Child care provider pay higher lease cost (\$50 additional charge/per month/per child or average fee of \$310/mo).	<u>5,000</u>	<u>5,000</u>
<u>Monthly Projected Payments:</u>	\$11,700	\$11,250



Other Sacramento Child Care Center Sites

<u>Site</u>	<u>Number of Children</u>	<u>Tenant Improvement Costs</u>	<u>Leasing Costs (per month)</u>	<u>Leasing Costs (per sq. ft.)</u>
Office/5th Floor	100	\$422,500	\$16,275	\$1.55
PERS Building (5th & O)	64	\$200,000	\$ 200	\$ .08
Rainbow Day Care Center (9th & P)	61	\$ 61,000*	\$ 800	\$ .18**
Oak Park Child Care Ctr. (8th & Sacramento)	75	\$565,000	Not Available	Not Available
A Child Care Center in the suburbs	100	\$250,000	Depends on Mortgage Interest Rate	

\* received many donations of material and labor

\*\* average lease payment to State of California for child care space leased in buildings they own is about \$.23 per square foot.

ARCHITECTURAL ISSUES

Outdoor Play Space:

The adjoining "outdoor play area" can be inside the building if the children can still experience fresh air and sunlight, have free and unstructured play time, and can have large muscle development (throw a ball, ride a tricycle, etc.). The windows can be left out of the building, so that the play area becomes somewhat like an outdoor patio area. If the air and sunlight can still come into the play yard, the basic architectural structure of the building would not have to be changed.

The "outdoor play area" can also be supplied at a local public park if certain requirements are met. These usually include a higher staff-student ratio when the students are going to and from the park as well as while they are playing in the play area (this would be an added expense). Also, the play area must be fenced and used exclusively by the child care center during their specified hours. San Francisco uses this waiver a great deal, especially in their Civic Center and Tenderloin districts. If we used Plaza Park in the same way, there is concern about the safety of the children crossing the street, as well as concern about the redesigning of Plaza Park to incorporate a fenced area that could be both attractive and usable by the general public (at non-child care times). Finally, child care providers may be hesitant to operate a center that includes transporting children across city streets on a daily basis; they expressed liability concerns.

The "outdoor play area" can also be on the roof of a building. Usually the fencing would be setback some from the edge, and could be a chain link fence with slats, possibly with planters of ivy in front of them to add shade and air quality.

Waivers to reduce the amount of required outside square footage might be gained (1) for the number of infants served and/or (2) because play activities are scheduled, allowing different age groups to be outside at different times. Reducing the amount of play area that must be leased inside the building can significantly lower the cost of the lease.

Parking and Drop-off Facilities:

For all sites, short-term parking could be available on the first level of the garage, with convenient access to the Galleria and all sites.

Fire and Building Inspection:

In adopting the 1985 Uniform Building Code, it will be suggested that Sacramento adopt the California Fire Marshall's Code (Title 24) which reads as follows:

Special Provisions.

2-802. Rooms in Division 1 and 2 Occupancies used for day care purposes,

Attachment F (Continued)

kindergarten, first and second grade pupils and Division 3 occupancies shall not be located above the first story except in buildings of Type I or Type II-F.R. construction, or in buildings provided with an automatic sprinkler system installed throughout the building and conforming to the provisions of Chapter 2-38.

Although this code does not require dedicated stairways, we have included one dedicated or low-use stairway for each site.

FINANCIAL ISSUES

State Contributions: In buildings that are owned by the State of California and which house more than 700 employees, the State requires that space be available for a child care center for those employees, and would be leased to the Employees Nonprofit Group for a child care center for about \$.25/sq. ft. For buildings the State leases, there is a \$1M Employee Child Care Fund for State employee groups to use in providing a child care center in/near their work site. (We are currently working with State employee groups to use some of this money to partially build-out Riverview Plaza's child care center.)

Because the State usually does not pre-lease buildings, their past requests for child care space, and the financing to help establish it, have usually been made after the building has been built. However, they are beginning to require child care centers in buildings they lease (see Attachment H). Because there are over 28,000 State Employees in the Sacramento Downtown area, both State leasing agents and State Personnel see a child care center as an attractive amenity, which, in the future will be virtually required in buildings they lease.

Federal Contributions: According to the U.S. House of Representatives Committee on Government Operations' "Child Care in Federal Buildings" report (October 2, 1987), the Federal Government wants to encourage child care centers to be provided for Federal employees and will approve additional space for that purpose (see Attachment I). In buildings owned by the Federal Government, agencies can provide space for child care centers "without charge for rent or services"; "services" includes lighting, heating, cooling, electricity, office furniture, office machines and equipment, telephone service, and security systems. In buildings leased by the Federal Government, agencies can provide child care space at child care space rates (i.e. a discounted rate) for a child care center for their employees; they can also furnish utilities, maintenance, repair, and other services to the child care center in the leased space. (Also see Pub. L. 99-190, Section 139, Dec. 19, 1985, 99 Stat. 1323, 40 U.S.C. 490b and Pub. L. 94-541--Oct. 18, 1976, 90 Stat. 2506 and 2507.)

Therefore, the City Council needs to remain firm in requiring our new buildings to include child care centers. The City Staff also needs to continue to work with those in the State Office of Real Estate and Design Section (OREDS), so that the State can use their available money to meet the child care needs of their employees and so that Sacramento developers will put in child care centers, thus contributing to Sacramento's quality of life.

DEPARTMENT OF GENERAL SERVICES  
Office of Real Estate and Design Services  
400 "P" Street, Suite 3110  
Sacramento, California 95814  
(916) 445-3509



September 30, 1987

Jacque Swaback  
City Childcare Coordinator  
1231 "I" Street, Suite 400  
Sacramento, California 95814

Dear Ms. Swaback:

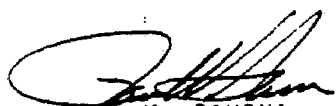
This is to confirm our recent conversation pertaining to amenities the State considers to be desirable when evaluating buildings to be leased.

Economics continues to be the primary determinant. However, amenities such as childcare, parking, and to a lesser degree showers, are becoming more important to managers seeking facilities they will occupy for an extended period. Childcare, in particular, is becoming more important to managers concerned with retention of staff.

The State of California has included childcare facilities in designs of its new buildings and has required the incorporation of one in a proposed new facility to be constructed on state-owned land, but to be built and operated by a private developer under lease.

I hope this information is satisfactory for your needs. If you should have any questions, please feel free to contact me at the above telephone number.

Sincerely,

  
PAUL V. SAVONA  
Chief

PVS:lw  
064CC.1

CHILD CARE IN FEDERAL BUILDINGS

TWENTY-FIRST REPORT

BY THE

COMMITTEE ON GOVERNMENT OPERATIONS



OCTOBER 2, 1987.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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ous, helpful and innovative in facilitating and promoting the establishment of federally assisted child care centers.

II. THE ROLE OF GSA

As previously noted, GSA is authorized to provide space to child care providers both directly and indirectly. Under the direct approach GSA is authorized to rent space for child care in public buildings to any non-Federal entity such as community, church, employee or union groups. Alternatively, the indirect approach involves the renting of space by GSA for child care at the request of a sponsoring Federal agency for the principal use of Federal workers.

Under both approaches, GSA has traditionally viewed its role in a narrow, rather passive fashion, similar to more mundane matters, such as providing garage or parking space.

Within the past year or so, however, GSA has begun to take a more active role in seeking to serve as a catalyst for the promotion and development of onsite child care. That new attitude is part of GSA's recognition of the need to provide Federal workers with more than just the traditional desk and chair in creating a workplace conducive to employee morale and productivity.<sup>9</sup> Accordingly, GSA Administrator Terence C. Golden, at the subcommittee's urging, recently revised a January 1986 GSA policy guidance memorandum to indicate the willingness of GSA to rent new, additional space to accommodate the day care needs of a requesting agency.<sup>10</sup> Prior to that May 1987 policy pronouncement, it was GSA policy not to rent additional space for child care but to require agencies to locate such facilities within their existing space inventory.<sup>11</sup>

In keeping with that previous policy, which escaped the Administrator's attention, Federal workers in the Celebrezze Federal Building in Cleveland, for example, were informally advised by GSA that an agency request for day care space would not be honored until space within that or a nearby building became available. Under its new policy, however, GSA has pledged to accommodate day care needs through the renting of such additional space as may be required.

The previous GSA policy of requiring child care facilities to be housed in currently owned or leased Federal space is reflective of Administrator Golden's failure to fully impress upon GSA officials (including some of his highest subordinates) the agency's new-found commitment to child care as articulated in its 1985 "Quality Work Place" initiative.

<sup>9</sup> GSA's "Quality Workplace" initiative launched in 1985 is dedicated to providing Federal workers with buildings that (a) are modern and first class, (b) provide a healthy and secure working environment, (c) contain art and other aesthetic effects, and (d) offer physical fitness and day care facilities where appropriate. Testimony of Terence C. Golden, Administrator, GSA, subcommittee hearing, p. 6.

<sup>10</sup> Memorandum from Thomas M. Sherman, GSA Public Buildings Service, to Regional Administrators, "Day Care Centers" (May 6, 1987).

<sup>11</sup> "[S]pace may be assigned to a day care center if it is available; the inventory of leased space should not be increased in order to accommodate a day care facility." Memorandum from William F. Sullivan, GSA Commissioner, Public Buildings Service, to Regional Administrators, "Child Day Care Centers" (January 21, 1986).

Attachment I